

# DETROIT ECONOMIC GROWTH CORPORATION

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September 24, 2014

The Honorable Frank Foster  
Michigan House of Representatives  
PO Box 30014  
Lansing MI 48909

Re: House Bill 5856

Dear Representative Foster:

The Detroit Economic Growth Corporation is a nonprofit economic development agency that has staffed public redevelopment authorities in the City of Detroit since 1978, including all of the city's existing tax-increment finance authorities. We have a proud record of success in leveraging public resources to generate private investment in the city. Unfortunately, we are not able to appear before the House Commerce Committee to testify on House Bill 5856, nor have we had adequate time to study the bill and fully understand its implications for economic development in our state.

We believe that tax-increment finance (TIF) is a very important tool for economic development in our state, and frankly, is one of the few remaining tools that a local unit of government can employ. Based on our work in Detroit, we can demonstrate the positive return on investment that TIF has had in our community. Not only can the leverage be measured in terms of direct investment, but there is an ongoing benefit to the public in terms of employee income taxes collected, the elimination of blighting and vacant properties, and follow-on investment due to the collective impact of projects. The following table demonstrates the leverage that the TIF authorities have generated in the City of Detroit since their inception.

Public Authority	Year Started	Total City Dollars Invested	Total Investment Leveraged	Leverage Ratio (Private: Public)
Downtown Development Authority	1976	\$335.2 million	\$3.7 billion	11:1
Detroit Brownfield Redevelopment Authority	2001	\$241.7 million	\$6.8 billion	28:1
Local Development Finance Authority	1988	\$16.4 million	\$1.2 billion	73:1
Tax Increment Finance Authority	1982	\$21.6 million	\$1.3 billion	60:1
Eight Mile Woodward Corridor Improvement Authority	2007	\$4.6 million	\$55 million	13:1



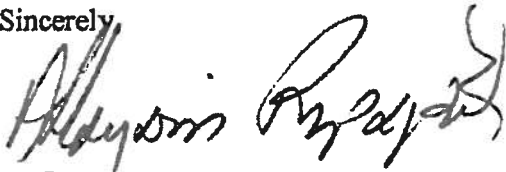
In addition to servicing debt on bonds, TIF has allowed us flexible resources to invest in our Downtown Development Authority area, which has created even greater impacts. For example, we have used these resources for strategic property acquisitions, infrastructure design and improvements (especially leveraging federal resources), façade improvement programs, and other planning that has led to tangible private sector investments. Without TIF-generated resources, we would not have had a source of funds to accomplish these objectives.

Many communities across the State of Michigan lack dedicated resources for economic development. TIF authorities are often the only tool at their disposal. We must be very careful that adjustments to the act, especially ones that appear to overhaul TIF in our state, do not have unintended consequences which negatively impact our economy and the development climate in our state.

We intend to review House Bill 5856 in detail and provide detailed comments as soon as possible. We respectfully request that the members of the House Commerce Committee act cautiously with respect to this bill and ensure that all affected parties have an opportunity to thoughtfully weigh in on an extremely important economic development tool for our state.

I thank you for your consideration and am happy to answer any questions at (313) 237-4638.

Sincerely,

A handwritten signature in dark ink, appearing to read 'Art Papapanos', with a stylized flourish at the end.

Art Papapanos

Vice President, Board Administration

cc: The Honorable Eileen Kowall, State House District 44  
Members of the House Commerce Committee  
Rodrick T. Miller, Detroit Economic Growth Corporation  
Roderick D. Gillum, Detroit Economic Growth Corporation  
Thomas Lewand, Sr, Office of Mayor Mike Duggan  
Lisa Howze, Office of Mayor Mike Duggan